

RYE TOWN COUNCIL

DRAFT INTERNAL AUDIT PLAN 2020-21

Notes *The Plan will be reviewed annually and amended to incorporate specific issues detected during the preceding 12 months.*

BASIC CHECK LIST (year end exercise – by second week of June)

a) Budgetary process and controls

- Is there an adequate process for determining and approving the budget?
- Have monies been allocated in the budget to cover contingencies and are these sufficient?
- Have reserves been allocated and are they at appropriate levels?
- Is progress against the budget regularly monitored and an explanation provided for significant variations?
- Is there a minute recording the adoption of the budget/precept?

b) Year end controls

- Have year end accounts been prepared on the correct basis (ie income & expenditure), agreed with the cash book, are supported by an adequate audit trail from underlying records, and debtors and creditors properly recorded?

c) Proper book-keeping

- Have appropriate records of account been properly kept – and are they accurate and up-to-date?

d) Payment controls

- Do Members regularly see a complete list of payees?
- Does all expenditure agree with the budget, Council decisions/authorisation or delegated authorisation?
- Are payments in the cash book supported by (authorised) invoices?
- Is VAT correct in the cash book, linked to invoices, and been reclaimed?
- Are any Section 137 payments identified in the cash book separately and is the total expenditure within the prevailing statutory limit?
Note: The Council is currently eligible to exercise the Power of General Competence – rendering the s137 power superfluous.
- Has the Council acted lawfully in its decision making and not exceeded its powers?

e) Income controls

- Has scheduled income (precept, grants, fee income etc) been fully received, based on correct fees (where relevant), properly recorded and promptly banked?

- Has other income been properly recorded and promptly banked?
- Are security controls over cash and 'near cash' (eg vouchers and stamps) adequate and effective?

f) Petty cash procedures

- Are all petty cash payments recorded, supported by receipts and have reimbursements been made?
- Where relevant, has VAT been recorded and reclaimed?

g) Bank reconciliations

- Are all bank statements – including investment statements – available?
- Are bank reconciliations carried out regularly?
- Are there any unexplained entries in any reconciliation?

h) Payroll controls

- Do salaries paid agree with the pay scales approved by the Council?
- Are tax, National Insurance and pension requirements properly applied?
- Are pension contributions calculated correctly?

i) Risk management

- Has the Council reviewed its fidelity insurance, ensuring it is adequate in comparison to Council funds and the precept?
- Has the Council reviewed its *Financial Regulations*, including the Council's *Standing Orders* relating to the purchase of goods and services?

j) Asset controls

- Is the Assets Register up-to-date?

k) Reviews

- Has the Council reviewed its system of internal control and re/issued a statement of internal control?
- Has the Council reviewed the effectiveness of its system of internal audit?

l) Improvements

- Has the Council acted on any recommendations made by the internal or external auditors?